

**USAID/Cambodia**

**Annual Report**

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## Cambodia

### Performance:

The Kingdom of Cambodia inaugurated a new government and a new king in 2004. These are extraordinary events considering that it took an entire year of negotiations after the 2003 general elections to decide who would govern the country and that the previous king was appointed more than 60 years ago. The new government has pledged its commitment to reform but the pace of reform is unlikely to accelerate. Moreover, budget expenditure levels in the social and environmental sectors will be insufficient to confront the many issues that afflict this country.

The new government is the result of an agreement between the country's two principal parties, splitting government positions 60:40 and allowing the Prime Minister and the President of the National Assembly to retain their positions. Consequently, the structure of the new government remains essentially unchanged from the outgoing one: an uneasy two-party coalition between former battlefield enemies. Surprisingly, In October 2004, Norodom Sihanouk announced his abdication from the throne. This forced lawmakers to resolve the undecided issue of royal succession. The successor, King Norodom Sihamoni, was crowned in late October and promised Cambodians humility and dedication.

Unfortunately, little has changed for the people of Cambodia, who still must suffer the consequences of substandard health and education systems. While the prevalence of estimated HIV infection rate in Cambodia has fallen by nearly one-third since 1997, the country still bears the highest infection rates in the region, largely owing to widespread poverty (around 36% of the population lives below the poverty line) and low literacy rates, especially among girls. Sexual trafficking, exploitation, violence, drug use, and sexual tourism also contribute to the rapid spread of HIV/AIDS in Cambodia. Infant mortality (estimated at 96 per 1,000 births in 2002) and maternal mortality (placed at around 5 per 1,000 births) underscore the poor state of public health delivery services in Cambodia.

More than half of Cambodia's 13 million people are under the age of 18. By the end of the Khmer Rouge era, formal education had ended and a large share of the educated population had been killed or had fled the country. During the late 1990s only 48 percent of those over 25 years of age had completed primary education. UNESCO places adult total literacy at 69 percent and adult female literacy at 59 percent.

Finally, the threat posed to Cambodia's environment by illegal logging is increasing at an alarming pace. Even as the Prime Minister announced that his administration would adopt strict measures against anyone violating the forestry policy, fresh allegations of illegal logging surfaced in the press. The continued lack of transparency in such transactions underscores the fundamental governance problems that obstruct effective environmental protection and sustainable forest management in Cambodia.

U.S. interests and goals: USAID's program supports several areas of interest for the American people. For many Cambodian-Americans living in the U.S, images of atrocities suffered during the Khmer Rouge era are still vivid in their minds, prompting them to demand that the U.S. engage the Royal Government of Cambodia (RGC) in the promotion of human rights and democracy. USAID activities in democracy and governance assist local NGOs in demanding equitable treatment of all Cambodians. Despite great personal risk, many organizations have developed the will and capacity to bring about change in protection of human rights.

The U.S. is working to strengthen Cambodia's weak institutions and improve its ability to protect its borders. This in turn should help ensure that Cambodia does not become a haven for terrorists and weapons, or a further breeding ground for dangerous diseases such as HIV/AIDS. USAID's democracy and governance program directly supports local efforts in the fight against human trafficking and is

dedicated to helping local authorities bring perpetrators to justice. At the same time, USAID health programs increase access to quality family health and HIV/AIDS services.

The growing issue of combating international sex trafficking and exploitation of women and children has become a priority for the U.S. and Cambodian governments. Cooperation enforcing the Protect Act, which makes it a federal crime to engage in illegal sexual conduct in foreign countries, has been exceptional. This close collaboration between Cambodian officials, NGOs, and U.S. authorities has already resulted in three successful prosecutions in the United States.

In FY 2006, USAID expects to begin implementing a new country strategy in Cambodia. The new strategy would build on the successes of the current strategic objectives, while capitalizing on the recent developments described above. Possible areas of new involvement include programs focused on good governance as it relates to environment as well as broader economic growth issues. Perhaps most importantly, the critical links between good governance and both economic growth and environmental management need to be more explicitly recognized.

Donor relations: Aid has gradually increased since 1999 as a result particularly of increases in freestanding technical cooperation and investment project assistance. Official net flows reached \$407 million in 2001 and \$462 million in 2002. Over half of the assistance comes from bilateral donors, with Japan the largest single donor. Some 40 percent is from multilateral donors and the remainder from NGOs. Aid as a percentage of government revenue from non-donor sources-well above 100 percent-stands out as unusually high by comparison with other countries. This high aid dependence of government is caused partly by low government revenue as a percentage of GDP (10 percent in 2003).

Problems with donor coordination in the past have sometimes led to piecemeal development results and duplicative efforts. There have also been inconsistencies in the implementation of some policy reforms and an absence of collective dialogue with the Government to put pressure on improving governance to control corruption. There are positive signs of improved aid coordination. USAID will use some of the preparatory work done by these organizations in the development of its own new country strategy and will start implementing activities roughly at the same time as these other major donors working in Cambodia.

One positive example of donor coordination is the implementation of a global initiative between the United States and Japan called the U.S.-Japan Partnership for Global Health. This agreement reinforces the strong collaboration between USAID and JICA in Cambodia in the areas of Tuberculosis control, TB/HIV co-infection, midwifery training and prevention of mother-to-child transmission of HIV. The collaboration supports the Ministry of Health to achieve results in the Health Sector Strategic Plan for Tuberculosis control, TB/HIV co-infection, and Maternal and Child Health. Collaboration between USAID and JICA to date in maternal and child health has contributed significantly to the improvement of midwife safe delivery skills through the expansion of the midwifery training programs.

Challenges: The formation of a new government means that much-delayed legislative business can, in theory, proceed. The Prime Minister has committed to passing an anti-corruption bill and the international donor community is pressing for such a step. However, weak governmental capacity, pervasive corruption, and powerful political and business interests that would be threatened by economic liberalization, pose formidable obstacles to accelerated reforms in Cambodia. Forestry and army demobilization are two examples of inconclusive reforms and few expect other reforms to proceed smoothly during the term of the new government.

Challenges related to political transparency and human rights are significant. Lack of progress adversely affects the social sectors as well as Cambodia's future economic growth prospects. Understandable Congressional skepticism about Cambodia's commitment to good governance limits USAID's direct engagement with Government of Cambodia to three main areas-health, education and trafficking. As a result, USAID has forged extensive partnerships with dozens of NGOs, both local and foreign. It is the commitment of these partners to political openness, transparency and democratic change that will determine Cambodia's future. In fact, as the leading donor committed to working outside official government channels, USAID can play a significant role in shaping a more open and democratic

Cambodia. While official government commitment on these issues is sometimes problematic, counterparts often display great courage and personal sacrifice in their continuing struggle to build a better future for the next generation of Cambodians.

In 2004, East Asian economies are growing at rates higher than those achieved in the years preceding the financial crisis of 1997. Unfortunately, the outlook for 2005 is less favorable-especially for smaller economies. Cambodia, whose economic growth was led by export-oriented garment manufacturing, will see the end of its preferential status under U.S. quotas on garment and textiles trade on December 31, 2004. The end of this agreement will likely result in a reduction of exports, due to the sector's low productivity and Cambodia's high infrastructure costs and corruption levels. The World Bank recently predicted that gross domestic product growth will fall to around 2.4 percent in 2005, compared to 5.2 percent in 2004. Unemployment will also worsen, jumping from 13 percent to 15 percent.

With regards to economic policy, government expenditure fell by 37 percent year on year with a larger decline in total capital expenditure. Health spending fell by 82 percent year on year in the first quarter of 2004. Worthy of note is that in the first quarter revenue rose by 22 percent according to official data. Therefore, the decrease in spending may be the result of political squabbling during the formation of the new government. Lower expenditure levels may also be a consequence of problems with disbursement, as much government spending is aid-related and regulations governing disbursement are complicated.

Key achievements: USAID programs focus on areas of critical importance, including the social sectors (health and education) and good governance. As the largest single donor addressing HIV/AIDS concerns, USAID has made a direct contribution to the recent declines in HIV/AIDS prevalence rates. USAID also pursues approaches to legal advocacy, human rights and political development that rank among the most ambitious in the country, with potentially far-reaching results. For example, in the lead-up to the 2003 elections and in the year of political uncertainty that followed, USAID-sponsored "open forum" radio programs served as one of the few places where ordinary Cambodians could express their views publicly. Similarly, a new direct grant with the Documentation Center of Cambodia (DC-Cam) is helping that important institution to expand its work in shedding light on the darkest period in Cambodian history, that of the Khmer Rouge. Finally, a path-breaking USAID-funded corruption assessment was widely covered in the local and international media, providing an important impetus to confront this vital issue which threatens the stability and future well-being of Cambodia.

1. Health Program: FY 2004 saw a major increase in USAID activities in HIV/AIDS treatment. A boost in funding for child health also enabled USAID partners to increase their efforts toward reducing childhood morbidity and mortality. The number of midwives that were trained in Life Saving Skills (LSS) was 508, up from 322 in 2002. Perhaps most significantly, the LSS training module has been recognized by the MoH as the best in the country and will be adopted as the national training for Cambodian midwives. In some of the USAID supported operational districts, the percent of pregnant women whose deliveries are attended by trained personnel has increased from 31 to 33. Furthermore, interventions for improving child survival have seen significant results. In USAID-supported areas, between 67% and 100% of children aged 6-59 months received their recommended doses of vitamin A. Between 71% and 81% of children aged 12-23 months were fully immunized and oral rehydration therapy use among children with diarrhea was reported as high as 81% in USAID-supported areas.

The greatest achievement in HIV/AIDS was the advent of HIV/AIDS treatment in USAID's program. In the country, there are now more than 4,000 people living with HIV/AIDS (PLHA) who are receiving anti retroviral (ARV) therapy in the national program. Outside of Phnom Penh and Siem Reap, there are now seven referral hospitals, some in very remote areas, providing the continuum of care for PLHA. USAID partners are responsible for implementing several of the Continuum of Care (CoC) sites, and these sites are being held up as the model not only for the rest of Cambodia, but also for other countries in the Asia Pacific region. In addition, 33,608 clients attended voluntary counseling and testing clinics and were tested for HIV, compared to only 7,000 last year.

To combat tuberculosis, USAID partners have expanded the reach of community Directly Observed Treatment Short Courses (DOTS) from 3 to 10 operational districts. Based on the experience of the

community DOTS pilot programs, the National Tuberculosis Program has adopted the approach as a significant component of the national strategy and recommended to expand it to other provinces of Cambodia. In USAID focus areas, the reported detection rates are as high as 82%, while the current national level of achievement is 59%. Treatment completion rates ranged from 90% to 100%.

2. Democracy and Governance Program: As part of its efforts to increase equal access to justice, USAID established a “legal clinic” and a training center for new lawyers. USAID’s program spurred public interest in advocacy by supporting a local NGO to become a high impact litigation foundation, while also supporting other organizations in their efforts to implement human rights activities. This foundation facilitated an agreement by USAID’s partner in a land dispute case between poor citizens and the city of Phnom Penh. Furthermore, in preparation for the Khmer Rouge Tribunal, an important USAID partner—the Documentation Center of Cambodia—continued to collect documentation, identify and map nearly 20,000 mass graves and prisons, and develop procedures for accessing and preserving its documents. The Center also opened a public information room to make its holdings more accessible and held two six-week legal training courses in anticipation of the tribunal.

USAID provided training to some 59 commune councils. The use of an intense participatory style encouraged members of the councils to work together, regardless of party affiliation. USAID and its partners also promoted civil and political rights through 52 public forums across the country involving approximately 30,000 participants. These forums were broadcast through the Voice of Democracy Radio program, reaching several hundred thousand other Cambodians.

USAID encouraged small and medium enterprises involved in rice milling, small electricity generation, and brick and tile manufacturing to form competitive clusters. This in turn enables them to advocate for reform measures aimed at improving the business climate and allowing them to better compete in both domestic and regional markets. Businesses from throughout the northwest provinces joined to form a cluster that will challenge government policies and overcome the constraints to business development in their area.

USAID made important contributions to the enforcement of anti-corruption laws affecting one of the most corrupt areas: illegal logging and trade in wildlife. USAID helped create and implement forest and wildlife protection programs that involve the use of rangers, both foreign and Cambodian; zoning and demarcation of protected areas; new community livelihood programs; and wildlife and illegal monitoring and reporting. In the first year, this creative approach reduced forest fires from 35-40 per day to 1-4 per week and reduced land encroachment cases from 401 to 137, a decline of nearly 300 percent. Rangers also reduced tiger and elephant deaths: 12 tigers and 36 elephants were killed in the 18 months preceding the new enforcement program; in contrast, only one elephant and two tigers were killed in the first year of this new initiative. More broadly, a USAID-funded corruption assessment drew international attention to the challenge posed by corruption in Cambodia and assisted in shaping the discussion during the December 2004 Consultative Group Meeting.

3. Basic Education Program: USAID’s education program increases the number of children receiving quality educational programming by strengthening teaching skills, improving curriculums, and increasing community involvement. A new Inclusive Education Program places the emphasis on improving access as well as the quality of instruction and learning for Cambodia’s most educationally disadvantaged populations. The long-term target is improvements in enrollment for students from under-served populations, given the currently high drop-out rates. In 2004, USAID signed an agreement with the RGC that aspires to improve the attendance of children with disabilities and from different ethnic backgrounds (such as the Cham and tribal communities) and remote rural areas.

Gender: Cambodia suffers from one of the lowest representations of women in government and parliament in Asia. Furthermore, reports point to increases in gender-based violence, including trafficking of women to neighboring countries. USAID organized 28 meetings in seven provinces for approximately 230 women commune councilors to improve the capacity of pre-and post-elected candidates and effectiveness of councils as key institutions of democratic local governance. USAID sub-grantees provided shelter, health services, counseling, psychological care, non-formal education, vocational and life skills training to 611 victims of trafficking. Finally, due to their reproductive health needs, women’s

health needs are greater than men's and it is likely that they are not being met. USAID focuses on educating vulnerable women about the risks they face, building skills to help them reduce their risk, and making available the commodities necessary to prevent HIV transmission and unwanted pregnancies. USAID's maternal and child health and reproductive health equips women with knowledge on healthy behaviors, access to quality of services and commodities, and participation in community health activities.

## Results Framework

- 442-001 Strengthened Democratic Processes and Respect for Human Rights**
- 442-002 Improved Reproductive and Child Health**
- 442-003 Improved Quality of Primary Education**
- 442-004 Enhanced Assistance for War and Mine Victims**
- 442-005 Reduced Transmission of Sexually Transmitted Infections and HIV/AIDS among High-Risk Populations**
- 442-007 Expanded Access to Sustainable Financial Services**
- 442-008 Other Activities in Support of Agency Objectives**
- 442-009 Increased Use of HIV/AIDS and Family Health Services and Appropriate Health-Seeking Behavior**

### **SO Level Indicator(s):**

- Contraceptive prevalence
- Percent of births attended by medically trained personnel
- Percent of children aged 12-23 months fully immunized

### **2.1 Increased access for information and services**

**2.2 Strengthened capacity of individuals, families and communities to protect and provide for their own health**

### **2.3 Improved quality of information and services**

### **2.4 Improved capacity of health systems**

### **442-00X (Disregard)**

### **442-010 Increased Competition in Cambodian Political Life**

### **SO Level Indicator(s):**

- Number of high profile cases/actions completed
- Number of times NGOs and political parties reported problems on access to the media

### **1.1 Political processes and parties that meet international standards**

### **1.2 Increased transparency and accountability on key economic and political issues**

### **1.3 Focused monitoring and defense of human rights**

**1.4 Engagement of newly elected local officials with central, provincial and district officials on key development issues**

**1.5 Increased capacity of future leaders in and out of government to develop policies and effect change**

### **442-011 Increased Relevance and Quality of Basic Education**

### **3.1 Increased relevance of the basic education curriculum to everyday life**

**3.2 Increased capacity of the school system to deliver competency-based education using student-centered teaching methodologies**

### **3.3 Increased access to quality basic education and training for under-served groups**